

727 Other injuries from which Austria suffered were the result  
 433 of deliberate German policy. So long as the Nazi occupation lasted, Austria was treated as an appendage to the German economy, and her interests were subordinated to those of the Reich. She was no longer considered as an economic entity, and no attempt was made to maintain the balance of her economic life.

[133] About 57 per cent of Austria's total area is over 1,000 metres (3,281 feet) high, and 37 per cent is woodland. It is therefore  
 ● [311] hardly surprising that only 21 per cent is cultivated and that before the War, in spite of strenuous efforts, the country could produce only three-quarters of its total food requirements. At the same time it was essential that it should be as self-supporting as possible. To import even a quarter of its provisions imposed a severe strain on the balance of trade. Yet during the Nazi period efforts to increase Austrian agricultural production were relaxed. The self-sufficiency of a mere group of provinces was a matter of no significance to Hitler, and he preferred to depend for his food supplies on the conquered and dependent lands of Central and Eastern Europe. The *Ostmark* could be better used for other purposes.

Austrian farms therefore lost man-power to the army. Their livestock was reduced. Equipment grew old and could not be replaced. Owing to lack of fertilizer the quality of the soil deteriorated. In 1945 domestic food production reached less than half, and in 1946, when conditions were much less disturbed, only about two-thirds of the pre-War level.

[313] Austria's forests are one of her most valuable natural resources. Her timber industry, together with the paper and cellulose industries dependent on it, accounts for about 9 per cent of her national income and for a substantial proportion of her exports. During the War the forests were ruthlessly exploited, and it has been estimated that at least 10 million cubic metres of timber were felled in excess of the economic figure, the fellings mainly taking place in the most accessible areas. This meant that years of strict control would be necessary to restore the timber industry to a healthy condition. At a time when the country was struggling to rebuild its economy, one of its main sources of wealth was in a state of convalescence.

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In other fields too there were noticeable losses and a decline in real capital. One might observe in agriculture, for example, a deterioration of soil owing to the shortage of fertilizers and cultivation during the war years, a lack of seeds, fodder and agricultural machinery as well as declining yields in forestry due to overcutting of trees, obsolescence and lack of means of transportation from the forests to the mills. The robbing of coal mines, failure to introduce rationalization and the forcing of unrealistic work in other mines (metals) give us a full picture of a declining economy.

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Reconstruction of a productive national economy could be successful only if the economic forces specifically characteristic of the country were activated and coordinated to secure an optimum of the whole economic productivity. This presupposes a knowledge of possibilities based on an inventory of the internal economy and lining up problems according to their importance (to avoid mistakes in investments or over-extension). It also presupposes establishing a time schedule for the financial fulfillment of individual projects with a view to the existing shortage in capital. The reconstruction of primary production, as well as the most important industries, have been carried out according to special plans which were worked out by government authorities in cooperation with interested industrial circles. Planning covered, in particular, production of energy, coal mining, the iron and steel industry, and ore mining and the metal industry.

These plans are not limiting as to quantity or time but are a type of structural plans without time limitations, the realization of which is bound to certain financial or material possibilities. With the maximum supplying of internal requirements of energy, coal, iron, metals, etc., they intended to assure lower prices in the finishing industries. In this way a sufficiently high quota of exports should be obtained for a balance of payments. These plans form the theoretical basis for those investment programs which the Austrian government presents to the ECA in Washington and which are realized step by step with the help of the ERP funds.

Just as with other ERP participants it is Austria's primary aim in its investment policy to make the utmost use of all possibilities offered by the Marshall Plan up to 1952. In addition to the development of primary industry, the greatest effort is being made

Industrial Production Index - Comparison of Averages  
for October (monthly average 1937 = 100)

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|                             | <u>1951</u> | <u>1950</u> | <u>1949</u> |
|-----------------------------|-------------|-------------|-------------|
| Total Index of Production   | 180.3       | 145.4       | 122.8       |
| Production Goods            | 230.7       | 178.6       | 151.6       |
| Consumption Goods           | 138.8       | 117.3       | 98.3        |
| Total Index of Productivity | 105.7       | 91.8        | 82.1        |

Although agriculture and forestry showed some results production was lagging behind due to many soil-improvement measures which were neglected during the war. It remained behind the prewar level. Further investments are now being made in this field. Considerable increase can be seen in the traffic capacity of the Federal Railways. The extension of electrification, modernization of traffic installations, of rolling stock, and of railway stations are among the projects. [311] ●

Tourist traffic is of special importance to achieving balance of payments. Tourist traffic was one of the most important foreign currency earners before 1937. In 1948-49, 31.6 per cent of the number of overnight guests for 1937 was reached. This proportion rose to 70.4 per cent in 1949-50 and to 74.3 per cent in the winter season of 1950-51. However, the income from foreign tourist traffic lagged behind that of the prewar period. It amounted to 15.1 million dollars in 1950. With regard to its purchasing power, it reached one-fifth of the 1937 level. In this field also investments for modernization and extension of enterprises are continuing. The aim is to reach a reasonable balance between investments and incomes from foreign currencies. Similarly motivated is the aim of opening areas of the country which might be very important for tourist traffic by building new roads and means of transport, such as cable cars and ski-lifts. In the investment program for 1950-52 net investments of 960 million schillings are provided for this sector alone. [329]

The main vehicle for the balancing of payments is foreign trade.

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from the canon of le Valais, in Switzerland. At the beginning of the 15th century the number of these peasants who came to settle in Graubünden and Vorarlberg was steadily on the increase. These new arrivals seeking employment were readily welcomed by the land-owners, and the uninhabited upper valleys were allotted them to build new houses. In order to persuade them to settle permanently the gift of land was accompanied by various privileges. In this manner the uncultivated part of the Tanneberg, in the Upper Braganzawald, and especially the two Walser valleys which have taken their name from it, developed into the home of a sturdy peasant race which has become a permanent factor of the national and economic structure of the Province.

Anyone who wants to form a picture of the strenuous way in which these descendants of the old inhabitants of the Valais who have retained much of the peculiarities of their former country in their speech, dress and customs gain a bare existence from a grudging nature, needs only to observe how they live in the Grasse Walserthal. Generations of bitter struggle for daily bread have produced a sturdy and weather-beaten folk whose existence is deeply rooted in the soil.

The people of Vorarlberg are not uniform in character, but form rather a mosaic of various sturdy elements welded together by historical developments.

slopes rise gradually, but to the north it falls away steeply. It is well worth the trouble of climbing, for looking down from its heights one has a delightful outlook over the entire Vorarlberg part of the Rhine Valley. In the east the picturesque houses of the market town of Götzis combine their greetings with those of the massive ruins of Neu-Montfort. The chief picture to the north and south is that of innumerable tiny rectangles of grass alternating with arable land, a clue to the agricultural structure of the countryside. An unusual trick of nature affords amusement to visitors to the summit of the Kummernberg: pieces of paper or material which are thrown out over the yawning depths are returned to their owner by the air currents. Even hats which have been tossed over are said to come back of their own accord, but not everyone cares to put this to the test.

To the south of the Kummernberg a vale branches off from the main Rhine valley which is called the "Garden of Vorarlberg". About a dozen pleasant villages cling to the foot of the mountain or have found themselves a sunny place half way up it, and in blossom-time the whole countryside is one fragrant bridal bouquet. On the sunny slopes flourish delicious grapes; Fraxern, hidden in a hollow between the green hills, is famous for its wonderful black cherries, which attract crowds of visitors who arrive with baskets and carts. Viktorsberg, looking

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[311] ●

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with its steeply sloping fields rising above the rushing mill-streams below. Still valleys sweep in attractive crescent form around and below the peaks of the Stubalpe. Everywhere in these barren farmlands from Radlpass to Lower Gleinalmspeik, the fields and meadows have been conquered from the wilderness of vast forests by means of fire and plough. Everywhere on these islands created by persistent, back-breaking peasant labour, the brown wooden farmhouses beneath their silver-grey roofs of slate defy the gales which come raging from the storm-centres of the mountain fields, and in age-old "Rauchstuben" the life-blood of ancient legends thaws again before the warmth of the open fire.

Beyond the savagery of the mountains, a world of vine-covered hills unrolls like a gay-coloured scarf before the dark girdle of the forest peasants land. On the sun-side of the mountains below the heights, the vineyards on the slopes are staked out with serried rows of vines on supporting poles. This is the picture which begins in a small way at the "Gasselberg", where with care it is possible to produce a Schilcher which has the proper tang alongside many an unassuming vintage. In the Styrian Schilchertal, between Ligist and Eibiswald, the view broadens and opens out. The vineyards there on the Hochstrassen and on the clear-cut, towering mountain ridge of Greisdorf are famous from olden times. The Engelweingarten above Stainz should be saluted with joyful respect, as should all the carefully tended vineyards where the Wildbach grapes ripen.

At the foot of this double garland of forest and vineyards is fruitful soil in which Turkish wheat prospers under a burning sun, yet despite all the riches which lie in the soil or come from the bright skies above, bad weather, misfortune and hard times have made the population adopt a grave and sometimes resigned attitude towards life.

A friend of the Styrian motherland wandering throughout the strip of country which we call West Styria and observing it with affection, would soon notice that beneath the noise and bustle of the fleeting present there lies hidden the treasure of a rich past. Roman inscriptions on stones and the tombstones of Italian officials and native Norics which are



Women of Leoben.

## INTRODUCTION

energies will have to be directed to securing by improvis-4/33  
ation the bare means of existence and survival. Even 727  
after the initial period only a gradual progress in recon-  
struction is to be expected. This book does not intend to  
deal with the difficult and manifold problems of the 121  
immediate post-war emergency measures. It has a wider  
aim. It proposes, by a critical study of the inter-war  
period, to outline more generally how Austria, by har-  
nessing all her resources and adapting herself to their  
best possible use, is able to attain prosperity and to keep  
pace with a corresponding process of world economy.

Before turning to the development of the inter-war  
years, however, a few words should perhaps be said about  
Austria's natural resources and about her economic de-  
velopment before the last war.

## NATURAL RESOURCES

Austria, like Switzerland, is a mountainous country, 311  
and so the scope for agriculture is naturally limited. Only [23]  
28 per cent of the total area is arable land, while another  
30 per cent is taken up by permanent meadow and pasture.  
This compares with 47 and 18 per cent respectively for  
Czechoslovakia, 68 and 19 per cent for Hungary (a typical  
agricultural country), while the percentages for Germany<sup>1</sup>  
are 46 and 17 and for the United Kingdom<sup>2</sup> 24 and 31  
respectively. Accordingly, Austria belongs to the indus-  
trial and food-importing nations of Europe. Even so, her  
soil and climatic conditions have favoured the growth of  
certain special branches of agriculture, such as those con-  
nected with milk and milk products and fruit growing.<sup>3</sup>  
In these fields an export surplus had been achieved by  
the beginning of the thirties.

"Land not under cultivation" takes up as much as 42 311  
per cent of the total. That 42 per cent represents, how- 137

<sup>1</sup> [In 1930, i.e. exclusive of the Saar Territory]

<sup>2</sup> [Figures for 1937]

<sup>3</sup> [Cf. C.A.T. 116, p. 12 -- ANALYST]

## AUSTRIA'S ECONOMIC DEVELOPMENT

• 311 ever, one of the most important natural resources of  
137 Austria: her forests. In a Europe greatly deficient in  
[313] timber this is a great asset, and wood has, in fact, been one  
[439] of the main items on Austria's export list. With an  
export of 1,236,000 cubic metres of sawn softwood—  
more than half of the trees are spruce—Austria provided  
5.3 per cent of world exports in 1935 and took the sixth  
place among exporting countries.

135 What of Austria's resources in minerals and energy?  
Here the picture does not differ greatly from that pre-  
sented by other industrial countries, not counting the  
almost self-sufficient continents of the Soviet Union and  
the United States: considerable deposits of certain im-  
portant materials are accompanied by a more or less  
complete absence of others.

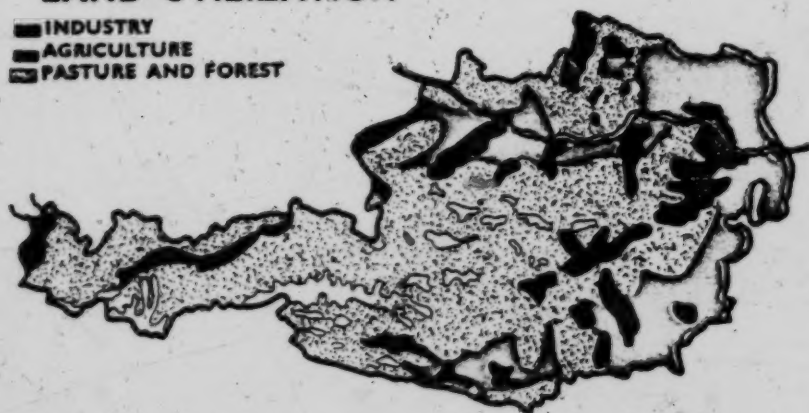
135 Take the two basic materials of heavy industry: iron  
316 ore and coal. Austria is a country with considerable re-  
sources of iron ore, 90 per cent of which comes from the  
famous Erzberg in Styria, where the ore has an iron  
content of 40 per cent. Production in 1937 was 1,885,000  
tons\* which—in metal content—represented 0.7 per cent  
of the world output; about one-sixth of this was exported.  
Coal, on the other hand, is only to be found in quite  
insufficient quantities. In 1937, production amounted to  
only 230,000 tons while 2,657,000 tons had to be imported.  
On the other hand, lignite is plentiful: an output of  
3,244,000 tons required to be supplemented by only  
185,000 tons of imports. Some of the lignite deposits are  
in close proximity to the iron ore deposits in Styria which  
has greatly contributed to the growth of the iron and steel  
industries in that district.

There are also considerable deposits of magnesite, lead,  
copper, graphite, and salt. In 1935, Austria produced 24

\* Unless otherwise stated, "tons," always mean metric tons.

## LAND UTILIZATION

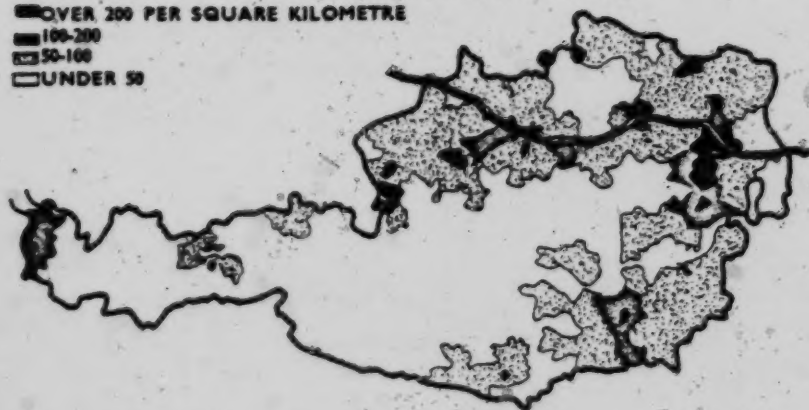
- INDUSTRY
- AGRICULTURE
- PASTURE AND FOREST



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## DENSITY OF POPULATION

- OVER 200 PER SQUARE KILOMETRE
- 100-200
- 50-100
- UNDER 50



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[p. 111]